

*D. J. Smith*

# KEELEY-FRONTIER MINES LIMITED

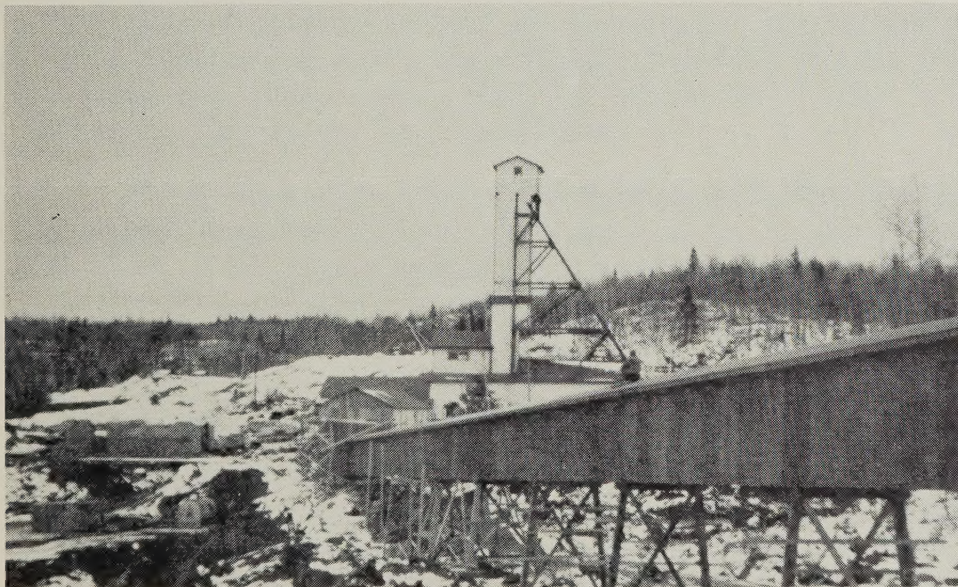


July, 1961



FEB 26 1963

December, 1961



December, 1962

## 1962 *Annual Report*





# KEELEY-FRONTIER MINES LIMITED

## HEAD OFFICE:

Room 1003, 67 Yonge Street  
Toronto 1, Ontario

## MINE OFFICE:

South Lorrain Township  
via Cobalt, Ontario

## OFFICERS

MURDOCK C. MOSHER	-	-	-	-	-	-	-	-	<i>President</i>
FRANK H. TODD	-	-	-	-	-	-	-	-	<i>Vice-President</i>
C. ROGER ARCHIBALD	-	-	-	-	-	-	-	-	<i>Secretary-Treasurer</i>

## DIRECTORS

MURDOCK C. MOSHER	-	-	-	-	-	-	-	-	Toronto, Ont.
FRANK H. TODD	-	-	-	-	-	-	-	-	Toronto, Ont.
VAN H. SMITH	-	-	-	-	-	-	-	-	Toronto, Ont.
ROBERT J. ASH	-	-	-	-	-	-	-	-	Kirkland Lake, Ont.
R. J. MURPHY	-	-	-	-	-	-	-	-	Oshawa, Ont.

## MANAGER

ROGER GAREAU



## *Transfer Agent*

CHARTERED TRUST COMPANY  
64 Wellington Street W., Toronto, Ont.



## *Bankers*

CANADIAN IMPERIAL BANK OF COMMERCE  
Toronto, Ont.                      Cobalt, Ont.

# KEELEY-FRONTIER MINES LIMITED

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## *Report of the Directors*

### TO THE SHAREHOLDERS:

Submitted herewith are the financial statements and auditors' report to shareholders for the fiscal year ended August 31st, 1962. As substantial expenditures for construction and equipment were made in the succeeding four months, an unaudited Interim Statement as at December 31st, 1962, is included. Also submitted is the report of the Manager.

Developments at the mine during the period since the last Annual Meeting of Shareholders have been important, and four interim reports have been issued, to keep the shareholders advised of decisions taken and work at the property. Operations to date have been guided by the original programme set forth by Mr. Leonard Smith, P.Eng., in his 1961 report, and directed towards his major objective of using the old workings in parts of your Company's property as the practical means of access to explore underground the potential new ore zones in the mine. Reports submitted to the annual meeting in January of last year referred to the construction of the initial surface plant, head-frame, hoist house, power house and other buildings, and to the first phase of the dewatering and preliminary underground examination. Mr. Smith visited the property during the summer and reported favourably on operations.

This report covers the fiscal year ended August 31st last, and subsequent work to date. In such period substantial equipping and preparation has been done underground with a reasonable amount of exploration, while on surface the power line has been brought in and treatment plant and facilities constructed to complete the Second Phase.

Operations are now entering the third phase of intensified exploration and development while production commences. The new mill can treat ore developed during exploration and that already discovered. Mill feed is assured for a reasonable period and there is expectation that substantial new ore will be developed by new work under way. The Manager's report gives a summary of the work.

By mid-summer the limitations on power supply had been removed and the break-through had been effected to connect the old Keeley workings with the Frontier workings. Track and air and water lines were installed to two main service levels (with many other areas likewise equipped on a local basis). The old workings were examined extensively and a number of raises driven and openings made between levels to explore for new ore occurrences. There are many miles of workings opened underground, chiefly on two parallel north-south structures known as the "Woods vein" and the "Watson vein", which were extensively mined thirty to forty years ago. Silver occurrences are quite irregular, and the task of exploring from the old workings is a substantial one with many areas to work in. Geological characteristics are such that exploration by drilling gives very limited information. Satisfactory exploration can only be carried out by actual drifts or works in the veins and structures.



There has been inadequate time to reach some of the major exploration target areas underground. Drilling on a limited scale to guide decisions on underground work has however given some promise of ore, notably in the Beaver Lake Fault area to the west and in the area of No. 1 Fault south and No. 9 vein which lie north of the shaft.

As is characteristic of the area silver occurrences are erratic with a wide range of grades, so that accurate determinations of metallic content of ores is virtually impossible except on the basis of experience in various sections of the mine and in milling, which is only recently begun.

Last summer, capital for mill construction and continuing operations was arranged by the sale and optioning of a total of 1,200,000 shares to realize an aggregate of \$480,000. Of this, \$420,000 has been subscribed and received by your Company and 100,000 shares now remain under option at 60¢ per share.

Last autumn the shares of your Company, listed on the Canadian Stock Exchange, were also listed on the Toronto Stock Exchange.

Your directors consider that the shareholders have reason for satisfaction in the efficient and expeditious way in which the mill and ancillary plant were constructed and that it is now beginning to operate only some nineteen months from the commencement of dewatering. The original programme has been well maintained, and is justified by results. Credit is due for the work of Mr. Gareau, Manager, who has had charge of operations and construction at the property, and to Mr. William Hammerstrom, who has co-ordinated the underground examination work.

Respectfully submitted on behalf of the Board,

MURDOCK C. MOSHER,

President.

Toronto, Ontario,  
February 12th, 1963.

# KEELEY-FRONTIER MINES LIMITED

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## *Manager's Report*

To the President and Board of Directors,  
Keeley-Frontier Mines Limited.

This report summarizes operations at the Company's mining property in South Lorrain Township for the fiscal year ended 31st August, 1962, and for the further period of construction and operations up to this date.

### GENERAL PROGRAMME

All work has been directed to implementing the original programme adopted before operations began, involving the construction and installation of a complete mining and surface plant and facilities to establish a sound basis for exploration and development underground on a substantial scale.

### GENERAL LAYOUT

The operation is based upon the use of the Frontier No. 3 shaft of three compartments; a 70 foot headframe was erected, hoist house constructed and efficient double drum hoist installed, and power house built and equipped early in the fiscal year, and the shaft equipped to operate to its full depth of 612 feet; it now has installed two cage-skips of 1½ ton capacity for hoisting ore and waste.

Dewatering of the old workings to the 612 foot horizon involved major pumping until the summer of 1962. Examination of upper levels was effected while the water receded. Levels below 612 feet remain flooded until access is required for extended exploration.

From the shaft the main systems of track, air and water lines and power circuits are installed on two principal levels at the 500 and 612 foot horizons. A number of local systems are installed on other levels. A main haulageway on the 612 foot horizon (Frontier 6th level - Keeley 8th level) runs along the old Frontier workings, through a 260 foot drift opened in the party wall, and thence in the Keeley workings. This main artery has been slashed out to permit haulage of cars by a diesel locomotive, and will serve to extend exploration into new areas; its length equipped now exceeds ¾ mile, and it is directed westerly towards the Beaver Lake Fault area, part of the "Keeley Extension property" not heretofore opened. The full length of the haulageway to the fault will be about one mile.

Ladders have been installed in various old shafts and workings, and they have been otherwise re-equipped for safety, service and ventilation purposes.



## POWER

Until August 1962, the scale of operations was restricted by the limitation of the diesel electric power supply. The Company constructed a power line and transformer sub-station, now drawing power from the Hydro-Electric Power Commission. Compressed air is distributed to the mine by two air compressors of 1,500 and 500 cfm capacity.

## CONSTRUCTION AND PLANT

Construction and installation of the mining and surface plant has been the feature of operations for the period. Principal items of plant are now as follows:

### Mining Plant and Equipment:

This now includes:

The mine shaft, Frontier No. 3, equipped as mentioned, having ample hoisting capacity.  
Extensive underground track, air, water and power lines.  
One diesel and two electric locomotives and adequate cars, mucking machines, trammers, loaders, drilling machines, and ventilating and ancillary equipment.

### Surface Plant and Equipment:

The operating plant is now complete and adequate to sustain production. It comprises:  
Shaft house with adjacent ore bins, etc. and crusher house.  
Hoist house, power house and electric sub-station.  
Mine dry building, with offices and first aid room.  
Machine shop, boiler room, and 100,000 gallon water tank.  
Mill building, with 450 ton fine ore bin, and 400 foot enclosed conveyor from the crusher house.  
Storage, powder and ancillary buildings, and one dwelling house.

All main buildings, other than the shaft house, are of concrete block construction and of durable characteristics.

### Mill:

The mill is of gravity and flotation concentrator design for producing silver concentrates for shipment to a smelter or refinery. Initial capacity is in excess of 200 tons per day with equipment laid out to permit installation of additional units. Tune-up and testing of the mill and training of personnel commenced at the beginning of January, and the first test shipment of concentrates was made on February 4th to Temiskaming Testing Laboratories for treatment at the Cobalt Refinery.

## UNDERGROUND OPERATIONS

Contemporaneously with the dewatering, examination of underground levels was begun over a year ago, and has continued to date. The scale of operations was strictly limited by power until August 1962. In the last five months of 1962 an average of six machines have been employed on single shift. Some twelve machines are now employed on double shift.

Extensive sampling has been carried on and exploration has been conducted mainly by driving box holes and raises between and from levels in the old workings of the Frontier in the search for new ore occurrences. As anticipated, silver occurrences are quite irregular and values range widely.

A number of areas opened underground have been very encouraging, and have already exposed some 90,000 tons of ore with estimated silver content of 1,900,000 ozs. Much exploration and development remains to be done over extensive areas. The availability of the mill during continued exploration work is of economic advantage.

In the limited time available, some promising new zones not previously explored have been discovered. These include the "No. 1 Fault South", drilled to the northwest of the main shaft, where an interesting intersection was made with No. 9 vein. Drifting to this area is now under way on the 6th level. This vein is newly discovered. Some 2,000 feet west of the shaft lies the Beaver Lake Fault. This main structure was tested by three drill holes from the surface, with encouraging results, and, as mentioned above, it is the target of the present westerly drive on the 612 ft. horizon. Substantial exploratory work in that area will be required to test the zone.

The following summarizes the underground work carried out to date:

Drifting .....	785 feet
Raises and Box holes .....	4,625 feet
Slashing, lateral .....	2,160 tons
Stoping .....	3,076 tons
Surface diamond drilling .....	3,774 feet
Underground diamond drilling .....	5,689 feet

#### GENERAL

The labour force at the mine since the conclusion of construction is approximately 70 men, for the most part engaged underground.

The Company has entered into a collective bargaining agreement with the United Steelworkers of America, District No. 6. Employees are covered by a group medical insurance plan.

I wish to record my appreciation for the support and assistance of the President and Directors and my thanks to the staff and employees for their work and cooperation.

Respectfully submitted,

R. GAREAU,  
Manager.

South Lorrain Township,  
February 4th, 1963.



# KEELEY-FRONTIER MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET — AUGUST 31, 1962

### ASSETS

#### CURRENT ASSETS

Cash .....	\$ 12,053.31	
Short term securities at cost .....	200,000.00	
Accounts and accrued interest receivable .....	780.11	\$212,833.42

#### FIXED ASSETS

Mining properties in the Township of South Lorrain, District of Temiskaming, Ontario, acquired for \$60,000 cash and 505,000 shares of the company's capital stock valued at \$50,500 .....	110,500.00	
Buildings and equipment at cost .....	173,654.94	284,154.94

#### OTHER ASSETS AND DEFERRED EXPENDITURES

Supplies at cost .....	11,397.25	
Prepaid expenses and deposits .....	8,383.86	
Power line and sub-station equipment at cost .....	33,956.18	
Exploration and administrative expenditures .....	332,450.21	
Organization expenses .....	3,071.15	
Commission on issue of the company's shares .....	16,500.00	405,758.65
		<u>\$902,747.01</u>

#### APPROVED ON BEHALF OF THE BOARD:

"MURDOCK C. MOSHER", Director.

"F. H. TODD", Director.

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable and accrued liabilities .....	\$ 77,899.51
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#### SHAREHOLDERS' EQUITY

##### Capital stock (see note)

Authorized — 5,000,000 shares of no par value

##### Issued —

2,355,010 shares at September 1, 1961 .....	\$400,510.00	
1,577,350 shares since August 31, 1961 for cash .....	424,337.50	
		<u>824,847.50</u>

\$902,747.01

#### NOTE:

The company has granted an option to purchase 700,000 shares of its capital stock exercisable as follows:

100,000 shares at 35¢ per share on or before October 15, 1962  
(since exercised)

200,000 shares at 40¢ per share on or before January 15, 1963

200,000 shares at 45¢ per share on or before April 15, 1963

200,000 shares at 60¢ per share on or before July 15, 1963.

A further 100,000 shares of the company's capital stock have been set aside for the purpose of granting to employees options to purchase shares at 30¢ per share. Options on 70,000 of these shares have been granted, exercisable on or before August 1, 1965.



# STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

For the year ended August 31, 1962

## EXPLORATION

Dewatering and mine preparation .....	\$167,680.04	
Drifting and crosscutting .....	19,820.65	
Raising .....	28,847.37	
Slashing .....	2,189.69	
Stoping .....	6,709.96	
Diamond drilling .....	8,647.82	
Mine supervision, mine office expenses and general expenses at the property	40,136.03	\$274,031.56

## ADMINISTRATIVE AND CORPORATE

Rent .....	3,000.00	
Office salary and expenses .....	7,065.00	
Advertising and publicity .....	421.00	
Legal and audit fees .....	8,368.21	
Taxes and licenses .....	2,391.79	
Stationery and printing .....	1,134.23	
Transfer agent's fees and expenses .....	1,411.94	
Travelling expense .....	2,462.55	
Telephone and telegraph .....	1,043.95	
General expenses .....	438.44	

27,737.11

## Deduct

Office service fees charged to other companies .....	3,330.00		
Interest earned .....	5,267.09	8,597.09	19,140.02

Expenditures (net) for the year .....		293,171.58
Balance deferred at September 1, 1961 .....		39,278.63
Balance deferred at August 31, 1962 .....		<u>\$332,450.21</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Keeley-Frontier Mines Limited as at August 31, 1962 and the statement of exploration and administrative expenditures deferred for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of exploration and administrative expenditures deferred present fairly the financial position of the company as at August 31, 1962 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Canada,  
September 26, 1962.

GUNN, ROBERTS AND CO.,  
Chartered Accountants.



**INTERIM BALANCE SHEET AS AT DECEMBER 31, 1962**  
(Subject to audit)

**ASSETS**

**CURRENT ASSETS**

Cash .....	\$ 22,528.05	
Short term deposits .....	25,000.00	
Accounts receivable .....	96.26	\$ 47,624.31
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**FIXED ASSETS**

Mining properties in the Township of South Lorrain, District of Temiskaming, Ontario, acquired for \$60,000 cash and 505,000 shares of the capital stock valued at \$50,500 .....	\$110,500.00	
Buildings and equipment .....	408,107.00	518,607.00
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**OTHER ASSETS AND DEFERRED EXPENDITURES**

Supplies at cost .....	\$ 19,848.54	
Prepaid expenses and deposits .....	8,707.39	
Exploration, development and administrative expenditures .....	488,953.26	
Organization expenses .....	3,071.15	
Commission on sale of company's shares .....	16,500.00	537,080.34
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		<u>\$ 1,103,311.65</u>

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities .....	\$ 73,464.15
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**SHAREHOLDERS' EQUITY**

Capital Stock (see note)

Authorized — 5,000,000 shares of no par value

Issued —

3,932,360 shares at September 1, 1962 .....	\$824,847.50	
500,000 shares since August 31 1962 for cash .....	205,000.00	
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4,432,360		1,029,847.50
		<hr/>
		<u>\$ 1,103,311.65</u>

Note: 200,000 shares were under option at 60¢ per share until July 15th, 1963, of which half were taken up for \$60,000 received by the company on Feb. 6th, 1963.

There is also set aside 100,000 shares allocated as incentive options at 30¢ per share for employees of the company.



**INTERIM STATEMENT OF OPERATIONS**  
**For the Period from September 1, 1962 to December 31, 1962**

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**MINE OPERATING COSTS**

Drifts and crosscuts .....	\$ 644.72
Raises .....	39,125.33
Slashing .....	869.77
Stoping .....	8,148.43
Dewatering and mine preparation .....	66,624.43
Diamond drilling — surface .....	9,413.02
Diamond drilling — underground .....	3,097.69
Cobbing and sorting .....	115.48
General expenses .....	21,511.38
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	\$149,550.25

**HEAD OFFICE GENERAL AND ADMINISTRATION** ..... \$ 10,759.84

Less: Administrative revenue .....	\$ 960.00	
Bank interest earned .....	2,435.63	
Discounts received .....	411.41	3,807.04
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		\$ 6,952.80

Expenditures (net) for the period .....	\$156,503.05
Balance deferred at September 1, 1962 .....	332,450.21
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Balance deferred at December 31, 1962 .....	<u>\$488,953.26</u>



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